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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Interim Administration Mission in Kosovo

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Interim Administration Mission in Kosovo

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2001 to 30 June 2002 (A/57/678) and the proposed budget for the maintenance of the Mission for the period from 1 July 2003 to 30 June 2004 (A/57/679 and Corr.1). During its consideration of the reports, the Committee met with representatives of the Secretary-General, including his Principal Deputy Special Representative and the Director of Administration of the Mission, who provided additional information and clarifications.

2. In examining the reports of the Secretary-General, the Advisory Committee has paid particular attention to issues of budget preparation, budget implementation, monitoring and control. In the context of the present presentation, the Committee has also paid attention to the matter of adequate explanation of budget performance changes and proposed budget estimates.

I. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. As shown in section II.A of the financial performance report (A/57/678) expenditures for the period from 1 July 2001 to 30 June 2002 totalled $360,248,000

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gross ($334,259,000 net of staff assessment income), resulting in an unencumbered balance of $39,752,000 gross ($39,245,800 net), approximately 9.9 per cent of the gross amount of $400 million appropriated (10.5 per cent of the net amount of $373,504,800 appropriated). For the period 2001/2002, the unencumbered balance ($39.8 million gross) plus other income ($23.9 million) amounts to $63.7 million. For 2000/2001, the unencumbered balance ($66.5 million gross) plus other income ($29 million) amounted to $95.5 million (see A/56/887/Add.6, para. 5, and A/56/763, annex I).

4. The Advisory Committee recalls that the original estimate of the Secretary-General for 2001/2002 was $448.8 million (see A/55/833), and, as recommended by the Committee, the General Assembly appropriated $400 million for the Mission for 2001/2002. Taking into account the unencumbered balance for 2001/2002, the estimates appear to have been overstated by $88.5 million, or 19.7 per cent of the original estimate.

5. For the period 2001/2002 unliquidated obligations as at 30 June 2002 amounted to $33.4 million.[1] Upon enquiry, the Committee was informed that as at 28 February 2003 unliquidated obligations amounted to $15 million, which represents an improvement. In paragraph 9 of its report of 4 April 2002 on UNMIK (A/56/887/Add.6) the Committee had called for improvement in budget monitoring, accounting and proper recording of expenditures in the Mission. The Committee continues to note from the performance report numerous instances of budget overruns or underexpenditure that were inadequately explained both in the published document and in the additional information given to the Committee. The Committee will comment further on the subject in its general report on the financing of peacekeeping operations, to be issued in the spring of 2003 under the symbol A/57/772.

6. **The Committee points out that the Mission needs to ascertain more accurately the validity of obligations before funds are retained. The Committee is aware that underexpenditure in UNMIK could result from numerous factors, including increased productivity and inefficient administrative procedures at Headquarters and in the Mission area. This situation should be addressed in the context of the next financial performance report.** The comments of the Committee on the information contained in the performance report for 2001/2002 on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for 2003/2004 in section III below.

II. Information on performance for the current period

7. The Advisory Committee was informed that reimbursement for costs related to troops and formed police units up to 31 March 2002 totalled $24,511,400, while the amount owed for the period from 1 April 2002 to 31 January 2003 was $13,611,700. With regard to contingent-owned equipment, the Committee was informed that, as at 28 February 2003, $4,121,300 had been reimbursed, and the estimated amount owed was $8,270,300 ($4,398,400 in accounts payable and $3,871,900 in outstanding claims), while unliquidated obligations totalled $5,750,600. In respect of death and disability compensation, $363,000 had been paid as at 28 February 2003 for 11 claims, 29 claims were pending, and unliquidated obligations amounted to $4,284,000.

8. The Advisory Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003 (see annex I below). Expenditure for the current period amounted to $225,003,600 gross ($208,284,500 net), against an apportionment of $330,000,000 gross ($307,031,100 net).

9. The Advisory Committee was informed that contributions assessed from inception to 30 June 2003 amounted to $1.565 billion. Payments received from inception to 31 January 2003 were $1.307 billion and amounts outstanding $257.8 million.

10. The Advisory Committee was provided with the following table showing incumbency as at 28 February 2003:

Category of personnel	*Authorized*[a]	*Encumbered*	*Vacancy rate (percentage)*
Military observers	38	38	-
Civilian police	3 515	3 171	9.8
Formed police units	1 203	1 206	(0.2)
International staff	1 227	1 009	17.8
National staff	3 504	3 245	7.4
United Nations Volunteers	250	210	16.0

[a] Represents the highest authorized strength for the period.

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

11. The budget for UNMIK for the period from 1 July 2003 to 30 June 2004 amounts to $315,518,200 (see A/57/679 and Corr.1, sect. II.A.1). Financial resources for the period 2003/2004 are requested under three major categories of expenditure: military and police personnel ($117,364,000), civilian personnel ($145,295,200) and operational costs ($52,859,000) and provide for the deployment of 38 military observers, 3,400 civilian police, 1,203 special police, 1,049 international staff, 3,130 national staff and 250 United Nations Volunteers.

12. **The Advisory Committee points out that the budget report lacks information on standard and mission-specific costs. The Committee did not receive the Standard Cost Manual. The Committee was informed that since the Manual had not been revised regularly to take into account past experience, its value had diminished. The Committee was further informed that in some missions, such as UNMIK, the estimates were prepared on the basis of average costs for the Mission, as the information in the Manual was no longer applicable and would have led to overestimates; in some other missions, however, the Committee was informed that the use of standard costs would have led to the budgeting of insufficient funds for 2003/2004. The Secretariat informed the Committee that the Manual was being revised and updated to improve its usefulness.**

1. Military and police personnel

13. An amount of $117.4 million is requested for 2003/2004 for military and police personnel, 0.9 per cent less than the approved budget of $118.5 million for 2002/2003 (ibid.). Expenditure for 2001/2002 amounted to $125.5 million, reflecting an overexpenditure of 0.5 per cent relative to the $124.9 million apportioned under this category of expenditure.

14. The Advisory Committee notes from the performance report for 2001/2002 that for civilian police the actual vacancy rate was 4 per cent, as compared with the 5 per cent projected in the budget for 2001/2002 (see A/57/678, para. 5). Upon enquiry, the Committee was informed that the Mission was able to get civilian police more readily than hitherto; that there was greater support from police-contributing countries; and that agreement had been obtained to train police personnel before deploying them to UNMIK, thus reducing the incidence of disqualification of police upon arrival for mission duty. **The Committee recommends that the lessons learned from this experience be disseminated to other missions with a similar police component in their mandates.**

15. The Advisory Committee was informed that the Kosovo Police Service (KPS) had taken over a number of functions from UNMIK and, accordingly, one formed police unit would be repatriated at the end of December 2003. Planned reductions for military and police personnel amount to $1.1 million for 2003/2004. The Committee was further informed that, in accordance with the transition plan, more functions performed by the remaining nine formed units would be handed over gradually to KPS. The Committee notes from the report of the Secretary-General to the Security Council of 29 January 2003 that the strength of KPS was more than 5,200 officers (see S/2003/113, para. 23). **The Committee observes that the effect of the implementation of the transition plan on the estimates for 2003/2004 and for the subsequent period is not clearly described and requests that this deficiency be remedied in the next budget report.**

16. The Advisory Committee recalls that it had requested that mission factors that apply to monthly reimbursement rates be carefully reviewed in all missions and, if warranted, adjusted in accordance with changes in the operational conditions in the mission area (see A/56/887, para. 37). **The Committee points out that the mission factor should have been clearly indicated in the report.**

17. As regards contingent-owned equipment, upon enquiry, the Advisory Committee was informed that as at 31 December 2002, $7.5 million was owed, comprising $4.4 million in accounts payable and $3.1 million in outstanding claims that had yet to be processed. The Committee was provided with an ageing analysis of outstanding claims as at 28 February 2003 (see annex II below). As the financial period ended on 30 June 2002, the Committee considers that the review of these claims has taken too long. The Committee will comment further on the matter in its general report on peacekeeping matters.

2. Civilian personnel

18. An amount of $145.3 million is requested for 2003/2004 under civilian personnel, 12.6 per cent less than the $166.3 million apportionment for 2002/2003 (see A/57/679 and Corr.1, sect. II.A.1). Expenditure for 2001/2002 amounted to

$184.8 million, reflecting an underexpenditure of 18.5 per cent relative to the $226.7 million apportioned under this category of expenditure.

19. As in the previous period, for 2001/2002 the unencumbered balance relates mainly to the underexpenditure of $41,938,700 for civilian personnel costs, owing to higher-than-anticipated vacancy rates among international and national staff, as well as to the appointment of international staff at lower levels than authorized and the discontinuation of hazardous duty station allowances from all regions in the Mission area but one.

20. The vacancy rates for 2001/2002 were 11 per cent for international staff and 9 per cent for national staff, as compared with the vacancy factors of 5 per cent for international staff and 2 per cent for national staff projected in the budget estimates (see A/57/678, paras. 7 and 8).

21. The Advisory Committee notes that large underexpenditure in the civilian personnel component of the Mission resulted from the use of New York standard costs for the budget of UNMIK for 2001/2002, in addition to higher average vacancy rates than those budgeted for and the termination of payment of hazard allowances. The Committee was informed that for the budget for 2003/2004 the estimates were prepared using average costs for the Mission, taking into account experience during implementation in past periods.

22. The Advisory Committee notes that in UNMIK the recruitment of international staff has consistently been at grades lower than those approved in the authorized staffing table of the Mission. Upon enquiry, the Committee was informed that the staff recruited at lower levels was performing to the satisfaction of the Mission officials. **The Committee is of the view that when posts are consistently filled at lower levels in missions of limited duration, the level of the higher graded posts should be reviewed and the posts reclassified accordingly.**

23. The proposed staffing table for 2003/2004, as compared with approved staffing for 2002/2003, is shown in section II.B.2 of A/57/679 and Corr.1. The total number of posts proposed for 2003/2004 amounts to 4,429, as compared with the 4,981 posts approved for 2002/2003, reflecting a reduction of 552 posts (see, however, para. 36 below). **The Advisory Committee points out that the staff changes described in paragraphs 7 to 17 of the budget document and in the additional information given to the Committee do not contain the functional analysis that led to a reduction of 552 posts (ibid.). In the view of the Committee, more justification should have been provided for the number of posts to be retained in the organizational units of the Mission — for example, those proposed for Pillar II (Civil Administration) and in the Division of Administration.**

24. Upon enquiry, the Advisory Committee was informed that the reductions were partly related to implementation of the recommendations issued by the Committee in its report A/56/887/Add.6 and to the gradual transfer of responsibilities from UNMIK to the Kosovo Provisional Institutions. On the question of further reductions in the Division of Administration, the Committee was informed that the Division continues to provide services to the Department of Justice (Pillar I) and to 30 municipalities, and that the next budget estimate would show further reductions in line with progress in the transfer of responsibilities to the Kosovo Provisional Institutions.

25. The Advisory Committee was informed that a number of staff from UNMIK had been transferred to other missions, including the United Nations Assistance Mission in Afghanistan (UNAMA), the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) and the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). Staff were reassigned from UNMIK to other United Nations missions for the period 1 July 2001 to 30 June 2002 as follows:

Mission of reassignment	*Number of staff reassigned*	*Functional title*
UNAMA	2	Administrative assistant
	3	Civil affairs officer
	1	Engineer
	1	Movement control assistant
	1	Logistics assistant
	1	Security officer
	2	Radio technician
	1	Vehicle mechanic
UNMOVIC	1	Administrative assistant
MONUC	6	Civil affairs officer
	1	Information assistant
	2	Procurement assistant
	1	Finance officer
	1	Logistics assistant
	1	Administrative assistant
Total	**25**	

With regard to the staff eligible for reassignment from UNMIK to other Untied Nations Missions, the Advisory Committee was informed that the Department of Peacekeeping Operations had requested the Mission to nominate candidates for a possible mission in Côte d'Ivoire. Furthermore, the Department of Peacekeeping Operations recently established the rapid deployment roster, for which staff serving either in field missions or at Headquarters can apply online. Given the downsizing phase of UNMIK, a large number of staff members have expressed interest in these opportunities for possible reassignment.

26. The Advisory Committee recalls its comments in paragraphs 26 and 27 of its report A/56/887/Add.6 on the Police and Justice Pillar (Pillar I). With respect to the proposal for 2002/2003 for the Department of Justice, the Committee indicated that unless a strategy is formulated to remedy circumstances that lead to more cases

being taken over by international judges, the mere doubling of the number, as recommended, will not be enough. The Committee cautions against laying the ground for a situation in which UNMIK would be forced to continue to fund international judges, prosecutors and personnel for the Kosovo penal system for an indeterminate period without an exit strategy. The Committee notes that for 2003/2004 the number of staff for Pillar I would increase from 1,815 to 1,849, after a decrease of 5 Professional posts, an increase of 7 General Service posts and the addition of 32 United Nations Volunteers. The Committee notes that the professional staff would decrease from 171 for 2002/2003 to 166 for 2003/2004. The staff changes proposed for 2003/2004 include a decrease by one D-1 post, an increase by three P-5 or P-4 posts and a decrease by seven posts ranging from P-3 to P-1.

27. The Advisory Committee notes that virtually no discussion of the police and justice function of UNMIK has been provided in the performance report, in the budget document or in the additional information provided. The Committee was informed that the number of international judges was 29 and that a mechanism had been established to screen cases sent to them.

28. **The Advisory Committee requests that in the next budget report information be provided on the effect of implementing a long-term completion and empowerment strategy, as envisaged in the observations of the Committee in its reports A/56/887/Add.6 and A/55/624. In particular, clear information should be provided on matters for which responsibility could be transferred to the Kosovo Provisional Institutions and those for which the international community would continue to be responsible.**

3. Operational costs

29. An amount of $52.9 million is requested for 2003/2004 under operational costs, a 16.9 per cent increase over the approved budget of $45.2 million for 2002/2003 (see A/57/679, sect. II.A.1). Expenditure for 2001/2002 amounted to $49.9 million, reflecting an overexpenditure of 3.2 per cent relative to the $48.3 million apportioned under this category of expenditure.

Travel

30. Official travel estimates for 2003/2004 amount to $1,666,700, 28.4 per cent more than the approved budget of $1,297,600 for 2002/2003 (see A/57/679, sect. II.A.1). The estimate for official travel for 2003/2004 includes $144,900 for travel related to training (see para. 55 below). Official travel expenditure for 2001/2002 amounted to $1,436,000, reflecting an overexpenditure of 2.9 per cent, relative to the $1,395,600 apportioned under this category of expenditure. Official travel expenditure in 2001/2002 included $156,100 for travel related to training (ibid.).

31. From the information made available to it, the Committee has observed that a large proportion of the travel expenditure in 2001/2002 was related to management and technical support. For 2003/2004, in the Committee's opinion, the estimate for management and technical support travel requirements is also high. The Committee notes that not all travel plans indicate clearly outputs or expected accomplishments. Furthermore, the Committee points out that savings in the travel budget may be realized, since a new fixed-wing aircraft requested for 2003/2004 may be available for the planned travel from Pristina to European capitals (see para. 51 below). Accordingly, the Committee recommends that the official travel budget for

2003/2004 be authorized at $1,500,000, or approximately 16 per cent more than the approved budget for 2002/2003. The Committee cautions that this adjustment should not be applied to travel for the United Nations Board of Auditors or for the activities of the Office of Internal Oversight Services in UNMIK.

Facilities and infrastructure

32. The Advisory Committee notes from paragraph 12 of A/57/678 that, under "Facilities and infrastructure", an underexpenditure of $912,300 is described as "due to re-prioritization of funds to cover additional requirements in information technology and communications". From the additional information given to it, the Committee notes that the underexpenditure is the net result of several cost overruns and underexpenditures, including overexpenditure of $1,298,900 for acquisition of prefabricated facilities, $629,200 for alterations, renovation and construction services, $528,600 for acquisition of generators, $310,800 for sanitation and cleaning materials, $142,700 for utilities and $123,000 for other items.

33. In the case of the overexpenditure of $310,800 for sanitation and cleaning, the Committee was informed that initially the outsourcing of cleaning services was envisaged during the reporting period and corresponding provision was made under contractual services; however, due to the non-materialization of the contract, UNMIK provided cleaning materials for the temporary local staff recruited.

34. **The Advisory Committee notes that little explanation is given for some significant variances. The Committee requests that in the future overruns or savings be fully explained.**

35. For 2003/2004, the estimate for facilities and infrastructure amounts to $21.2 million, 8.6 per cent over the approved apportionment of $19.5 million for 2002/2003. The estimate for 2003/2004 includes $2,842,700 for maintenance services related to the outsourcing of security services. The effect would be a reduction of 230 posts (6 international and 224 local) for security staff in the staffing table under the category of civilian personnel costs. The Committee was informed that in line with past practice it was expected that some or all of the staff would be taken over by the new contractor.

36. The Committee observes that the costs relating to the security staff have been transferred to another object of expenditure. The reduction of 552 posts in the staffing proposals for 2003/2004 (see para. 23 above) is thus more apparent than real, since the budget would finance contractual services equivalent to 230 security posts. It is not clear why, at the time of downsizing, the Mission would change the arrangement for security services. Upon request, the Advisory Committee was informed that a cost analysis had been done on the basis of the total cost of provision of security by a contractor in comparison with current UNMIK average cost for salaries and related costs. **While welcoming the efforts to achieve savings through outsourcing, the Committee cautions that it had been determined in the past that these security personnel should be United Nations employees to ensure greater control and accountability. In this connection, the Committee requests that the appropriateness of this action be kept under review.**

Communications and information technology

37. For 2003/2004, the estimate for communications amounts to $6.9 million, 2.3 per cent over the approved apportionment of $6.8 million for 2002/2003. Expenditure in 2001/2002 was $7.5 million, reflecting an overexpenditure of some $2 million and exceeding by 37.8 per cent the apportionment of $5.4 million for 2001/2002. As regards information technology, the estimate for 2003/2004 amounts to $5.6 million, 156.5 per cent more than the apportionment for 2002/2003. Expenditure in 2001/2002 was some $3 million, 48.1 per cent more than the apportionment of $2 million for the period.

38. The Advisory Committee notes that the information provided in paragraphs 15 and 16 of the performance report (A/57/678) is inadequate to explain the large overexpenditures in communications and information technology in 2001/2002. The additional information provided to the Committee was also incomplete and repetitive of the information provided in the performance report. The Committee was informed that a good deal of expenditure was related to relocation to new premises. In this connection, the Committee was informed that $1,298,900 was needed for acquisition of prefabricated buildings and that communications and electronic data-processing infrastructure and other facilities had to be provided. The reasons why these requirements were not foreseen in the budget proposal for 2001/2002 should have been stated more clearly in the additional information given to the Committee.

39. The Advisory Committee notes that communications and information technology matters demand effective planning in all phases, including procurement of equipment and services. The Committee is concerned about the Board of Auditors' finding that UNMIK was one of the missions that did not submit procurement plans to Headquarters in New York.[2] The Committee also observes that an overexpenditure of 37.8 per cent in communications and 48.1 per cent in information technology in 2001/2002 reflects serious deficiencies in the planning and budgeting of these activities.

40. **From the explanation provided by representatives of the Secretary-General, the Committee concludes that the Mission and Headquarters should increase their efforts to identify and plan more accurately the estimates for communications and information technology. The Committee requests that in the future the additional information given to the Committee be adequate and pertinent to enable proper scrutiny by the Committee, with full written explanations provided before the Committee starts its examination of the reports of the Secretary-General.**

41. The Committee was provided with the inventory report on non-expendable equipment, showing closing balances and pending write-offs as at 30 June 2002 and detailed equipment requirements for 2003/2004, taking into account those approved for 2002/2003. **From the information given to it in written and oral form, the Committee believes that no convincing argument has been presented to support the rapid expansion of the communications and information technology infrastructure while the Mission is in the process of downsizing its activities and personnel.** Moreover, the Committee notes a proposal to replace a large number of electronic data-processing items for UNMIK, a Mission being downsized. For example, approved for 30 June 2003 is the replacement of 1,517 out of a total of 13,248 electronic data-processing items, including 1,163 out of 6,427 desktop and

laptop computers. **The Committee does not believe it is appropriate for a mission that is downsizing, such as UNMIK, to continue to automatically replace electronic data-processing equipment, utilizing the same benchmarks used by other active or expanding missions.**

Ground transportation

42. For 2003/2004 the estimate for ground transportation amounts to $9.2 million, 64.8 per cent over the approved apportionment of $5.6 million for 2002/2003. Expenditure in 2001/2002 was $6.4 million, reflecting an underexpenditure of $0.2 million, 2.8 per cent less than the apportionment of $6.6 million for 2001/2002.

43. The Advisory Committee notes that savings of $187,000 for ground transportation in 2001/2002 were due mainly to the non-purchase of 10 minibuses (see A/57/678, para. 13). The Committee recalls that the acquisition of these minibuses was proposed in A/55/833, annex I.C, paragraph 21, for driving in difficult winter conditions in some areas of Kosovo. The Committee was informed that difficulties in awarding a systems contract arose at Headquarters, and that had UNMIK had the authority to purchase them, the minibuses could have been obtained, though this would not have been in line with the need to use the Headquarters procedures for systems contracts. The Committee was further informed that the Mission used alternative methods to get the necessary transportation services. The Committee notes from the additional information given to it that the savings of $204,600 for non-purchase of vehicles were partially offset by an overexpenditure of $18,300 for rental of vehicles.

44. For 2003/2004, the provision of $9.2 million requested for ground transportation includes $3.6 million for the replacement of 240 vehicles (238 4x4 vehicles and 2 minibuses). The Committee notes that the inventory of vehicles as at 30 June 2002 included 2,649 vehicles (57 heavy vehicles, 66 medium vehicles, 2,490 light vehicles and 36 trailers) and the pending write-off of 109 light vehicles and one trailer. It was expected that by the end of June 2003 364 vehicles would be designated for write-off. Vehicles are replaced when they exceed the established replacement-policy thresholds of 10,000 kilometres or five years of use. Vehicles are also written off due to accidents. The Committee was informed that on average there was an accident per week leading to the write-off of one vehicle.

45. The Advisory Committee enquired about measures taken to deal with vehicle accidents. The Committee recalls that in the past it has expressed concern regarding the large number of vehicles, primarily police vehicles, involved in accidents (see A/56/887/Add.6, para. 10). The Committee recalls that it requested a thorough analysis of the situation in order to identify the root causes of the accidents and take steps for a coordinated solution to the problem (see A/55/624, para. 54). The Committee was informed that the number of vehicle accidents had decreased relative to past experience. The pre-deployment training of police, in-mission training in driving in difficult winter conditions and the use of the Carlog system as a management tool had contributed to the reduction in accidents. The Mission had also instituted measures to deal with reckless driving, including the suspension of driving licences and the potential repatriation of individuals concerned.

46. The Advisory Committee was informed that KPS would be reduced by about 460 civilian police by the end of 2004. **In view of the downsizing of staff and civilian police, the Committee sees no justification for procuring such a large**

number of replacement vehicles. The Committee was also informed that during the period 239 vehicles (199 light, 20 medium and 20 heavy) had been sent from UNMIK stock to the Logistics Base at Brindisi for transfer to UNAMA. That being the case, funds should have been obtained from UNAMA for the transfer, since the vehicles were designated for UNMIK.

47. **In view of the comments on inventory, the Committee requests that in the future, in addition to the information it receives on the current inventory of items to be replaced or added on, it be given the most up-to-date information on items that have been disposed of, those that have been approved for write-off but not disposed of and those pending processing for write-off.**

Air transportation

48. For 2003/2004, the estimate for air transportation amounts to $2.9 million, or 13.8 per cent less than the apportionment of $3.4 million for 2002/2003. Expenditure in 2001/2002 was $4 million, reflecting an underexpenditure of $0.6 million, or 12.1 per cent less than the apportionment of $4.6 million for 2001/2002.

49. The Advisory Committee recalls that for 2001/2002, four aircraft were budgeted (two helicopters and two fixed-wing aircraft). The 1,920 flying hours projected for helicopters comprised 1,020 block hours and 900 extra hours. One fixed-wing aircraft was budgeted for 3.5 hours per month and the other for 4 hours per month (see A/55/833, annex I.C, paras. 22-24, and annex II.A). The Committee was provided with detailed information on air transportation performance for 2001/2002. For helicopters, the actual number of hours used was 1,020, leaving a balance of 900 hours. For fixed-wing aircraft, 27 hours were used, leaving a balance of 63 hours.

50. The Advisory Committee notes that in the performance report a savings of $550,200 is reported (see A/57/678, para. 14). The reasons given in the report for the savings do not appear to correspond to the use of fewer hours for the helicopters; in the additional information given to the Committee, there was in fact a slight overexpenditure of $4,000 for rental and operation of helicopters and a savings of $73,100 in rental of fixed-wing aircraft. Rather, savings of $225,800 in air operations were related to liability insurance for the two helicopters. Other savings arose from air crew subsistence allowances ($61,600) and petrol, oil and lubricants ($264,700). Since savings arose on the cost of petrol, oil and lubricants, the Committee sees no satisfactory reasons why the use of fewer hours for the rental and operation of the helicopters should not have resulted in additional savings. **The Committee requests more effective monitoring of the use of helicopters.**

51. For 2003/2004, the amount budgeted for air transportation is $464,000 less than the $3,370,700 budgeted for 2002/2003. This is explained as the result of replacing one light helicopter with a medium-lift fixed-wing aircraft (see A/57/679 and Corr.1, para. 21). The $2.9 million requested for 2003/2004 would cover the costs of 840 flying hours for one helicopter and 720 flying hours for one fixed-wing aircraft.

52. For 2003/2004, the estimate for miscellaneous supplies, services and equipment amounts to $4.3 million, or 14.6 per cent less than the apportionment of $5.1 million for 2002/2003. Expenditure in 2001/2002 was $6 million, reflecting an

overexpenditure of $0.1 million, 1.7 per cent more than the apportionment of $5.9 million for that period.

Bank charges

53. The Advisory Committee notes from the information provided that bank charges reported under miscellaneous services amounted to $1.6 million, 22.8 per cent more than the $1.3 million budgeted for 2001/2002. For 2002/2003 bank charges amounting to $1.5 million are anticipated. **The Committee believes that these considerable resources should be carefully monitored and that whenever possible agreement should be made with banking authorities to lower bank charges; furthermore, the Committee believes that the decrease in the level of operations (e.g., volume of payment transactions for salaries and allowances) should lead to lower costs for bank services.**

Miscellaneous services

54. The Advisory Committee notes that under the category of miscellaneous supplies, services and equipment, various items are budgeted under the heading "Other miscellaneous services" in the amount of $1.4 million, 20.6 per cent less than the apportionment of $1.7 million for 2002/2003. Expenditure in 2001/2002 for this category of miscellaneous services was $2.7 million, reflecting an overexpenditure of $0.9 million, 54.3 per cent more than the apportionment of $1.7 million for that period. **The Committee requests the Secretariat to review the criteria for preparing estimates for and charging items to miscellaneous expenses, with a view to minimizing, to the extent practicable, an apparent tendency to use this item for unbudgeted expenses that should be planned, revealed and justified in the budget estimates; the Committee has commented further on this in its general report on peacekeeping operations.**

Training

55. For the periods 2001/2002 and 2003/2004, detailed information on training performance and planned requirements for training, respectively, were provided to the Committee. The 2003/2004 estimate for training amounts to $540,900 ($396,000 for training fees and $144,900 for travel related to training) for the training of 524 staff members. For 2002/2003 the training budget amounted to $573,500 to train 1,331 persons (see A/56/802, annex I.C, para. 28). Expenditure in 2001/2002 amounted to $441,100 ($285,000 for training fees and $156,100 for travel related to training) for the training of 2,676 individuals.

56. The Advisory Committee notes some inconsistencies in the information received on training from the Secretariat. For example, for 2001/2002 the performance report indicated that 2,745 personnel were trained in 2001/2002 (see A/56/678, sect. I, component 3), while the additional information given to the Committee shows only 2,676 staff and other persons trained in that period.

57. **From the information provided in the documents and during the hearings, the Advisory Committee concluded that it appears that in some situations individual staff members might be receiving multiple training lessons that may not be related to their current or future areas of responsibility in peacekeeping missions. The Committee requests that in the future accurate statistics and records of related costs be maintained; furthermore, the training of personnel**

is an important component of the proposed budget, and all resources requested for training should be indicated clearly in the budget, without being subsumed under other miscellaneous budget lines of the proposal.

58. **In this connection, the Committee recalls paragraph 74 of its report A/56/887 and reiterates its view that there is a need for better planning for training of personnel and that the subjects covered in the training programmes should be tailored towards fulfilling the mandate of the Mission. Inconsistencies in this area would indicate poor planning, weak monitoring and difficulty in following up on the effectiveness of training programmes in addressing mission problems. The Committee requests that the Board of Auditors take this matter into account in its plans for horizontal audits.**

4. Resident auditors and resident investigators

59. The Advisory Committee notes that UNMIK is one of the missions with resident audit and investigation capacity. The Committee was informed that for 2003/2004 the reduction of four posts in the Office of the Resident Auditor relates to the transfer, for budgetary purposes, of these four posts to the support account. Additionally, one post in the Office of Internal Oversight of the Mission will be abolished.

60. For 2003/2004 the estimate for external auditing amounts to $167,400, the same level as in the approved budget for 2002/2003. Expenditure for external auditing in 2001/2002 amounted to $151,300. The Committee notes that for 2001/2002 the further amount of $45,800 was spent for travel for internal auditing activities of the Office of Internal Oversight Services. The Committee notes that a travel provision of $38,000 for the Office of Internal Oversight Services has been requested for 2003/2004 under the budget proposal for UNMIK. The Committee was informed that the inclusion of this provision was an error, as all audit costs have been consolidated in the estimates for the support account for peacekeeping operations; accordingly, the amount should be deleted from the estimates for the United Nations Mission of Support in East Timor for 2003/2004.

61. In the context of its consideration of the report of the Secretary-General on the experience with resident investigators in peacekeeping operations, including proposals and plans for future review (A/57/494), the Advisory Committee was informed that, with respect to UNMIK, the caseload statistics maintained by the Office of Internal Oversight Services showed that for the calendar years 2000 and 2001 and the period from January to October 2002, UNMIK accounted for 208 cases (57 in 2000, 71 in 2001 and 80 in 2002). Upon enquiry, the Committee was informed that nearly all investigations related to the activities financed by the Kosovo Consolidated Budget.

62. The Advisory Committee notes that the Board of Auditors, particularly in paragraphs 33, 55, 84, 99 and 125 of its report,[3] has identified several instances of management deficiencies in UNMIK. Issues of particular concern include procurement, air safety, risk assessment and cooperation between the Department of Peacekeeping Operations and the Mission in terms of the prompt sharing of information on results derived from pre-deployment visits. With respect to investigation by the Office of Internal Oversight Services, the Committee notes that the bulk of it relates to procurement activities.

63. **The Advisory Committee welcomes the attention paid by both the Board of Auditors and the Office of Internal Oversight Services to the activities of UNMIK and requests the Mission to ensure that findings and recommendations by these bodies are attended to promptly. The Committee also points out that for missions that are downsizing, such as UNMIK, it might be necessary and advisable to temporarily strengthen internal resident auditing capacity rather than to reduce it.**

IV. Recommendations of the Advisory Committee

64. The actions to be taken by the General Assembly are set out in paragraph 20 of the performance report (A/57/678) and paragraph 26 of the budget report (A/57/679 and Corr.1). **The Advisory Committee recommends that the unencumbered balance of $39,752,000 gross ($39,245,800 net) for the period from 1 July 2001 to 30 June 2002 be credited to Member States in a manner to be determined by the General Assembly. The Committee further recommends that other income for the period ended 30 June 2002, amounting to $23,874,000, also be credited to Member States.**

65. **The Advisory Committee recommends approval of the Secretary-General's request for the General Assembly to appropriate the amount of $315,518,200 for the maintenance of the mission for the 12-month period from 1 July 2003 to 30 June 2004. In the present report the Advisory Committee has made a number of comments and observations that should lead to economies; these should be reflected in the performance report.**

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. II, chap. V, statement XII.

[2] Ibid., chap. II, para. 125.

[3] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. II.

Annex I

United Nations Interim Administration Mission in Kosovo: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	1 193.1	827.0	366.1
Military contingents	4 173.7	3 836.1	337.6
Civilian police	93 819.9	61 963.3	31 856.6
Formed police units	19 301.6	17 600.1	1 701.5
Subtotal, line 1	**118 488.3**	**84 226.5**	**34 261.8**
II. Civilian personnel			
International staff	114 990.4	78 763.8	36 226.6
National staff	43 002.1	25 518.9	17 483.2
United Nations Volunteers	8 316.0	4 042.6	4 273.4
Subtotal, line 2	**166 308.5**	**108 325.3**	**57 983.2**
III. Operational costs			
General temporary assistance	322.5	120.2	202.3
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	5.1	(5.1)
Official travel	1 297.6	1 038.9	258.7
Facilities and infrastructure	19 547.9	16 076.1	3 471.8
Ground transportation	5 612.0	4 662.5	949.5
Air transportation	3 370.7	2 010.5	1 360.2
Naval transportation	-	-	-
Communications	6 783.2	4 343.8	2 439.4
Information technology	2 174.8	1 050.2	1 124.6
Medical	931.2	473.6	457.6
Special equipment	112.1	112.1	-
Miscellaneous supplies, services and equipment	5 051.2	2 558.8	2 492.4
Quick-impact projects	-	-	-
Subtotal, line 3	**45 203.2**	**32 451.8**	**12 751.4**

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
Gross requirements	**330 000.0**	**225 003.6**	**104 996.4**
Staff assessment income	22 968.9	16 719.1	6 249.8
Net requirements	**307 031.1**	**208 284.5**	**98 746.6**
Voluntary contributions in kind (budgeted)	-	-	-
Total requirements	**330 000.0**	**225 003.6**	**104 996.4**

Annex II

Contingent-owned equipment: ageing analysis of outstanding claims

(United States dollars)

As at 31 December 2002

	1 month	*2 months*	*3 months*	*4 months*	*5 months*	*6 months*	*7-12 months*	*More than one year*	***Total***
Amount	419 484	419 484	419 484	419 484	419 484	419 484	201 301	340 096	**3 058 300**
Number of claims	9	9	9	9	9	9	3	7	**64**

As at 28 February 2003

	1 month	*2 months*	*3 months*	*4 months*	*5 months*	*6 months*	*7-12 months*	*More than one year*	***Total***
Amount	419 484	419 484	419 484	419 484	419 484	419 484	1 014 902	340 096	**3 871 900**
Number of claims	9	9	9	9	9	9	9	7	**70**